

## Message Text

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E.O. 11652: N/A

TAGS: ENRG, ETRD, EFIN, KS, US

SUBJECT: PRESS GUIDANCE: EX-IM LOANS FOR KORI 3 AND 4  
NUCLEAR POWER PLANTS

THE FOLLOWING IS TEXT OF DEPARTMENT'S RESPONSE TO  
QUESTION TAKEN AT MARCH 7 NOON PRESS BRIEFING.

BEGIN TEXT

Q. IS THE STATE DEPARTMENT CONCERNED ABOUT THE FATE OF  
OUR NUCLEAR POWER EXPORTS, AND WHAT IS THE DEPARTMENT  
DOING ABOUT THE POSSIBLE DELAY IN SENATE APPROVAL  
OF EX-IM LOANS FOR THE KOREAN NUCLEAR PLANTS?

A. WE BELIEVE THAT THE SEPARATE ISSUES OF EX-IM BANK  
LOANS AND TESTIMONY OF KOREAN OFFICIALS BEFORE CONGRESS  
SHOULD BE DISCUSSED ON THEIR SEPARATE MERITS.

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THE STATE DEPARTMENT'S POSITION ON TESTIMONY BY FORMER  
DIPLOMATS WAS STATED FOR THE RECORD ON FEBRUARY 6. THIS  
REMAINS THE POSITION.

THE STATE DEPARTMENT IS DEEPLY CONCERNED OVER  
THE IMPLICATIONS OF POSSIBLE DELAYS IN THE APPROVAL OF

THE EX-IM FINANCING FOR THE KOREAN NUCLEAR POWER PROJECTS. WE HAVE WORKED CLOSELY WITH THE AMERICAN COMPANIES SUPPORTING THEIR BIDDING ON THESE PROJECTS. WE RECOGNIZE THAT AMERICAN COMPANIES ARE FACING SEVERE INTERNATIONAL COMPETITION AND THAT FINANCING IS A VITAL PART OF ANY SUCH BID PROPOSAL. THE KOREAN NATIONAL UTILITY RECENTLY ANNOUNCED THAT WESTINGHOUSE ELECTRIC WAS THE SUCCESSFUL BIDDER FOR THE NUCLEAR COMPONENT PACKAGE ON KORI III AND IV, WITH ANOTHER AMERICAN COMPANY AS ALTERNATE.

WE CONSIDER NUCLEAR POWER OF PARTICULAR IMPORTANCE, NOT ONLY BECAUSE OF ITS IMPORTANT IMPACT ON OUR BALANCE OF TRADE, BUT ALSO BECAUSE OF OUR CONCERNS REGARDING NUCLEAR PROLIFERATION. WE BELIEVE THAT THE PARTICIPATION OF US COMPANIES AND THE USG IN THE DEVELOPMENT AND CONSTRUCTION OF NUCLEAR POWER PLANTS ABROAD, GREATLY ENHANCES THE ABILITY OF THE ADMINISTRATION TO OBTAIN THE COOPERATION OF OTHER COUNTRIES IN ASSURING THAT NUCLEAR POWER IS USED EXCLUSIVELY FOR PEACEFUL PURPOSES.

WHILE THE NUCLEAR COMPONENT PACKAGE ALONE IS WORTH \$198 MILLION TO WESTINGHOUSE, IT IS THE KEY TO A MUCH LARGER VOLUME OF BUSINESS FOR OTHER AMERICAN SUPPLIERS THROUGHOUT THE COUNTRY. IF THE NUCLEAR COMPONENT

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PACKAGE WERE AWARDED TO A EUROPEAN SUPPLIER, THE TOTAL LOSS IN CONTRACTS TO AMERICAN FIRMS (MANY OF WHICH ARE SMALL TO MEDIUM SIZED) FOR CONSTRUCTION, ENGINEERING AND FUEL WOULD BE AN ADDITIONAL \$778 MILLION. WE ALSO KNOW THAT BIDS WILL BE LET WITHIN A FEW MONTHS FOR TWO ADDITIONAL NEARLY IDENTICAL NUCLEAR POWER PLANTS IN KOREA. POTENTIAL EXPORT SALES FOR THESE WILL EQUAL OR EXCEED THE \$1 BILLION FOR KORI III AND IV.

THE DEPARTMENT OF STATE IS WORKING CLOSELY WITH THE EXPORT IMPORT BANK AND THE COMPANIES INVOLVED IN THE BIDDING TO RESOLVE THIS MATTER, AND HAS ASSURED THE GOVERNMENT OF KOREA THAT THE PARTICIPATION OF AMERICAN COMPANIES IN THESE AND FUTURE PROJECTS HAS THE FULL SUPPORT OF THE UNITED STATES GOVERNMENT. WE CLEARLY RECOGNIZE THAT THE VIABILITY OF OUR COMPETITIVE POSITION IN THE NUCLEAR POWER FIELD IS AT STAKE, NOT ONLY IN KOREA, BUT ON A WORLDWIDE BASIS. POTENTIAL CUSTOMERS FOR OUR NON-NUCLEAR EXPORTS ARE ALSO CLOSELY WATCHING THE DEVELOPMENT. WE ARE MAKING EVERY EFFORT TO ASSURE POTENTIAL INTERNATIONAL CUSTOMERS THAT THE UNITED STATES INTENDS TO REMAIN A RELIABLE AND COMPETITIVE

SUPPLIER OF HIGH-TECHNOLOGY GOODS AND SERVICES.  
END TEXT. VANCE

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